United Nations DP/OPS/2016/6

Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

Distr.: General
21 July 2016

Original: English

Second regular session 2016
6-9 September 2016, New York
Item 8 of the provisional agenda
United Nations Office for Project Services

Annual statistical report on the procurement activities of the United Nations system, 2015

Goods and services

Executive summary

The Executive Director of UNOPS submits to the Executive Board, pursuant to its decision 2007/38, the present executive report on United Nations system procurement data. The complete report is available in the language of submission on the Executive Board web page and at the United Nations Global Marketplace website. The report provides details of United Nations system procurement by country of supply.

Total United Nations system procurement during 2015, under all sources of funding, was $17.6 billion, which represents an increase of $338 million, or 2.0 per cent, over the previous year. The share of procurement from countries with economies in transition, developing countries, and least developed countries, remains level with 2014, at 61.7% of total volume. The procurement volume from least developed countries was $3.1 billion in 2015.

The complete 2015 report contains:

(a) a trend analysis of United Nations procurement from developed countries, developing countries, countries with economies in transition, and least developed countries;
(b) a discussion of sustainable procurement in the United Nations system;
(c) an analysis of United Nations orders placed with companies that are signatories to the Global Compact of the United Nations;
(d) an analysis of United Nations procurement from countries with economies in transition, developing countries and least developed countries (new);
(e) an analysis of United Nations procurement of goods and services by sector and category (new);
(f) tables listing combined United Nations system procurement by country of supply;
(g) charts displaying procurement by the respective United Nations organizations;
(h) a comparative analysis of the share of goods and services categories procured by each organization;
(i) a summary of procurement from countries that are members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development;
(j) a summary of procurement from the top 20 developing countries and countries with economies in transition;
(k) a summary of procurement for all participating United Nations organizations (new);
(l) a summary of procurement from all United Nations Member States, available in the online version of the report (new);
(m) a section covering major goods and services (over $30,000) procured by the respective United Nations organizations; and
(n) an online version of the annual statistical report on the procurement activities of the United Nations system, with three years of statistics (2013-2015), at www.ungm.org/public/asr (new).

16-12790 (E) 270716

Please recycle

Elements of a decision

The Executive Board may wish to take note of the present report and welcome the data and analysis it contains.

Contents

I. Introduction 3

II. Total procurement of goods and services for operational activities of the United Nations system 3

III. Countries of supply to the United Nations in 2015 4

IV. Ten major countries of supply to the United Nations in 2015 4

V. Procurement from countries with economies in transition, developing countries and least developed countries ... 6

VI. Top 20 countries with economies in transition, developing countries and least developed countries supplying United Nations organizations 7

VII. Countries with largest increases in procurement volume from 2005 to 2015 8

VIII. Procurement by organizations of the United Nations system in 2014 and 2015 9

IX. Procurement from countries with economies in transition, developing countries and least developed countries . 10

X. Segments of goods and services procured from developed countries, developing countries and countries with economies in transition 11

XI. Procurement by sectors and categories of goods and services 12

I. Introduction

1. UNOPS is pleased to be responsible for collecting and compiling system-wide procurement data on behalf of the United Nations system.

2. The 2015 annual statistical report analyses procurement from countries with economies in transition, developing countries, and least developed countries, and examines the performance of the United Nations system, in response to General Assembly resolution 57/279, which encouraged United Nations organizations to increase opportunities for suppliers from such countries.

3. The annual statistical report, 2015, compiles information supplied by 36 United Nations organizations. UNOPS relies on the cooperation of the participating entities in compiling and reporting these statistics.

4. The categorization of countries and territories used in the report adheres to that used by the Statistics Division, Department of Economic and Social Affairs, of the United Nations. The report uses the following designations: least developed countries; developing countries; countries with economies in transition; and developed countries. The designations 'least developed', 'developing', 'in transition', and 'developed' are used for statistical convenience and do not express a judgment about the stage reached by a particular country or area in the development process.

5. The data in the 'goods' category is based on country of supplier, while the data in the 'services' category is based on country of contractor. Moreover, purchase orders and contracts for services are reported by contract amount rather than by expenditures incurred. Many United Nations organizations cannot at present report data based on country of origin of goods, or on actual expenditures.

6. The report also considers procurement by United Nations organizations from suppliers supporting the United Nations Global Compact, which, to date, has over 8,000 registered members. That section of the report measures procurement by the United Nations system from companies that embrace universal principles in the areas of human rights, labour, environment and anti-corruption. Procurement from suppliers that are members of the Global Compact has decreased by 2 percentage points this year, from 27.2 per cent in 2013 to 25.3 per cent in 2014 (on orders larger than $30,000). Organizations of the United Nations system give no preferential treatment to Global Compact signatories, but strongly encourage suppliers to subscribe to the Global Compact and support its underlying principles.

II. Total procurement of goods and services for operational activities of the United Nations system

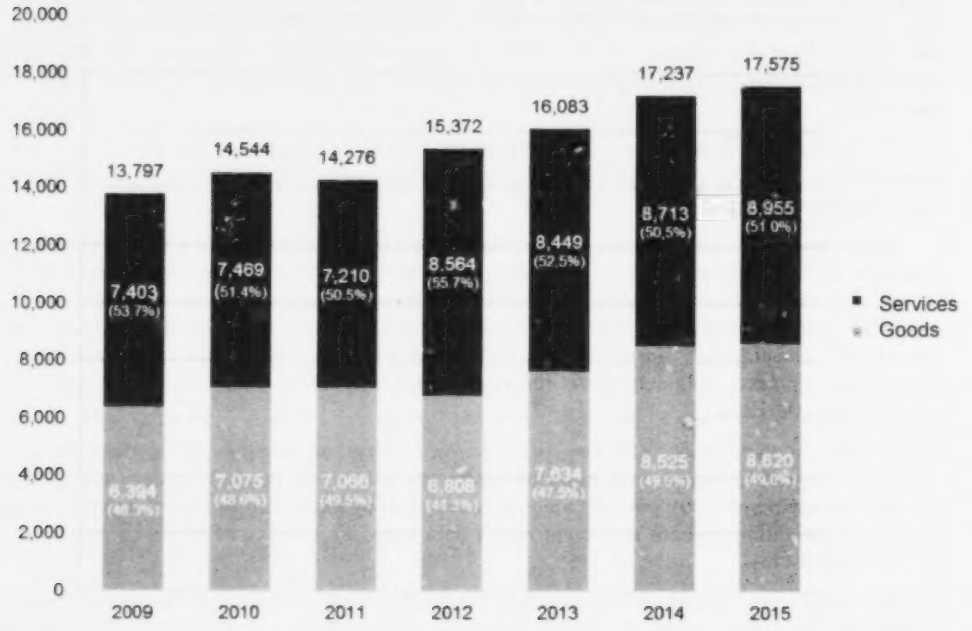
7. The overall procurement volume (goods and services combined) of United Nations organizations during 2015 increased to $17.6 billion, from $17.2 billion in 2014 – an increase of 2 per cent[1] (figure 1).

8. The rise in the overall procurement volume is attributable mainly to increases in volume from UNDP[2]. The increase was due, in part, to a rise in the procurement of pharmaceuticals, and an increase in the reporting of activity related to the UNDP national implementation modality.

[1] Thirty-six United Nations organizations reported procurement statistics, compared to 35 in 2014. This year, the report again includes information from the United Nations Economic and Social Commission for Asia and the Pacific, and the Universal Postal Union, whereas the International Monetary Fund (IMF) did not submit their procurement data this year.

[2] UNDP procurement volume increased by $451.3 million from 2014 to 2015. UNDP procurement volume for 2015 includes total values of its national implementation modality, through which UNDP is directly or indirectly involved in projects with implementing partners. For 2015, the reported volume was approximately $1.2 billion.

Figure 1. Total procurement of goods and services, 2009-2015
(in millions of dollars)



9. Since 2008[3], the procurement of services by the United Nations system has exceeded its procurement of goods, which continued to be evident in 2015. In 2015, the total procurement of goods increased by $95.4 million, an increase of 1.1 per cent, while procurement of services increased by $242.5 million, a raise of 2.8 per cent.

III. Countries of supply to the United Nations in 2015

10. The United Nations system procured goods and services from 224 different countries and territories in 2015; 124 of these had an annual procurement volume of more than $10 million each in that year.

IV. Ten major countries of supply to the United Nations in 2015

11. The 10 major countries supplying United Nations organizations in 2015 represented 44.8 per cent of the total United Nations procurement volume, an increase from 43.2 per cent in 2014. This included one least developed country (Afghanistan) and three developing countries (India, Kenya and the United Arab Emirates), accounting for $3.16 billion, or 18.0 per cent of total United Nations procurement volume (table 1).

[3] Source: annual statistical report as of 2008

Table 1. Top 10 countries supplying the United Nations system in 2015
(in millions of dollars and percentages of overall procurement volume)

Countries	Goods	Services	Total	% of total
United States of America	810.64	836.48	1,647.12	9.37%
India	1,119.74	157.28	1,277.03	7.27%
United Arab Emirates	712.23	92.91	805.14	4.58%
Switzerland	133.09	610.18	743.27	4.23%
Belgium	641.10	67.14	708.23	4.03%
Afghanistan	47.82	580.21	628.03	3.57%
Denmark	232.69	333.06	565.75	3.22%
France	421.26	123.12	544.38	3.10%
United Kingdom	167.23	346.75	513.98	2.92%
Kenya	139.36	305.96	445.32	2.53%
Top 10 total	**4,425.17**	**3,453.09**	**7,878.26**	**44.83%**
Grand total	**8,620.06**	**8,955.24**	**17,575.30**	**100%**

12. In 2015, procurement of goods and services from Kenya represented 2.5 per cent of total procurement volume. Procurement from Kenya consisted primarily of cargo transportation services, construction services, and fuel. Goods and services from Kenya were procured primarily by the World Food Programme (WFP), the United Nations Procurement Division (UN/PD), the Office of the United Nations High Commissioner for Refugees (UNHCR), and UNICEF.

13. Afghanistan has been a top-10 supplier country since 2004, and in 2015 moved from third- to sixth position, by volume, in supplying the United Nations system. The drop is attributable mainly to a decrease in procurement from UN/PD. Procurement from Afghanistan consisted primarily of engineering services, management services, and rural development services. Goods and services from Afghanistan were procured primarily by UNDP, UNOPS and WFP.

14. The United Arab Emirates has featured as a top-10 supplier country since 2013. It now ranks third in supplying the United Nations system, with a 4.6 per cent share of total procurement volume in 2015. Procurement from the United Arab Emirates consisted primarily of fuel, food products, construction services and shelter equipment. Goods and services from the United Arab Emirates were procured primarily by UN/PD, UNHCR, WFP and UNICEF.

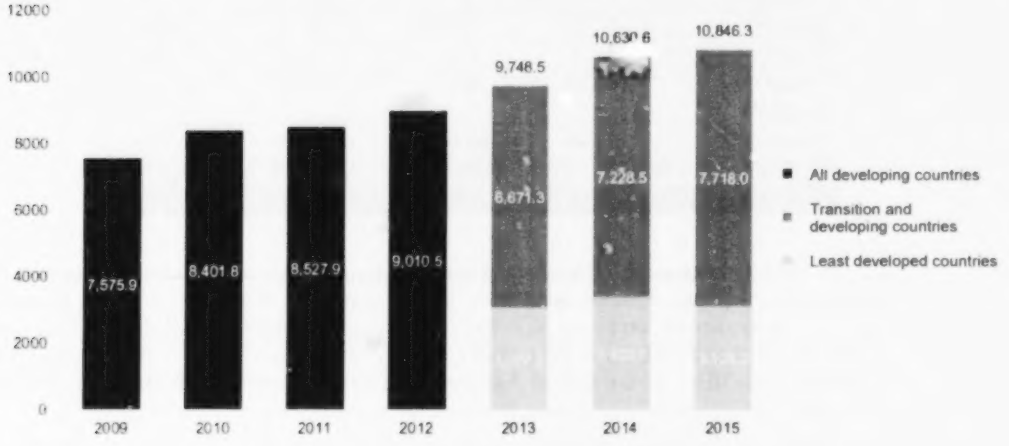
15. India has featured as a top-10 major country to supply United Nations organizations since 2000, and maintained its second-place position in supplying the United Nations system in 2015, with a 7.3 per cent share of total United Nations procurement volume. This is the third consecutive year in which procurement from India was more than $1 billion in volume. Procurement from India included pharmaceuticals, nutritional supplements, medical equipment and management services. Goods and services from India were procured primarily by UNICEF, UNDP, the Pan American Health Organization and WFP. With a total volume of $994 million in 2015, India continues to be the first-placed country, by volume, supplying United Nations organizations with health-related goods and services.

V. Procurement from countries with economies in transition, developing countries and least developed countries

16. General Assembly resolution 57/279 encouraged United Nations organizations to increase opportunities for suppliers from developing countries and countries with economies in transition. The request was reiterated in General Assembly resolution 61/246, and, in response, United Nations organizations have placed more orders with suppliers from those countries. The growth of such orders continues to rise (see figure 2), with a cumulative increase of 43.2 per cent between 2009 and 2015. In comparison, the cumulative increase in procurement volume from developed countries was 8.2 per cent for the same period[4].

Figure 2. United Nations procurement from countries with economies in transition, developing countries and least developed countries, 2009-2015[5]

(in millions of dollars)



17. In 2015, procurement from countries with economies in transition, developing countries and least developed countries increased by more than $215 million over 2014. Compared to the previous year, the share of procurement from countries with economies in transition, developing countries, and least developed countries, remains level, at 61.7 per cent. Procurement from countries unspecified in the data decreased significantly, to $35.8 million, in 20156.

18. In 2015, United Nations organizations reported 34 per cent of their procurement volume on the United Nations Standard Products and Services Code segment level, with 66 per cent reported on the 'family level', which provides further details into the categories of goods and services procured. In all, procurement was reported against all 57 Standard Products and Services Code segments, and against 361 Standard Products and Services Code families, out of a possible 466 families.

19. Figure 3, below, looks at United Nations system procurement volume at the Standard Products and Services Code segment level, articulating procurement into five high-level segment groups. The figure shows that procurement from developed countries is dominated by

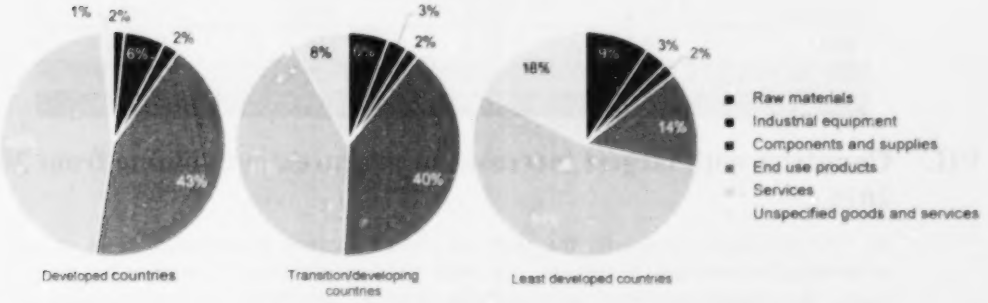
[4] Source: annual statistical reports from 2009 to 2015

[5] Total values split between least developed countries and countries with economies in transition and developing countries from 2013 and 2015, where this detailing was available in the annual statistical reports data

[6] $378.9 million in 2014

services and end-use products, with a combined share of 89 per cent. Procurement from countries with economies in transition and developing countries follows a comparable distribution, where services and end-use products together made up 81 per cent of total volume. For least developed countries, procurement of end-use products had a significantly smaller share of the total volume compared to both of the other two country groups. In addition, the share of procurement of raw material and services is higher than that of other country groups.

Figure 3. Procurement from developed countries, countries with economies in transition, developing countries and least developed countries, by United Nations Standard Products and Services Code groups, in 2015 *(in percentages)*



VI. Top 20 countries with economies in transition, developing countries and least developed countries supplying United Nations organizations

20. Total procurement of goods and services from the top 20 countries with economies in transition, developing countries and least developed countries represented 38.9 per cent of overall United Nations procurement volume, a decrease of 1.6 percentage points from the previous year. Table 2 provides a detailed overview of procurement volume trends, types of goods and services procured, and the share of United Nations organizations for each of the countries listed.

Table 2. Top 20 countries with economies in transition, developing countries and least developed countries supplying United Nations organizations in 2014
(in millions of dollars and in percentages)

Countries	Goods	Services	Total	% of total
India	1119.7	157.3	1277.0	7.27%
United Arab Emirates	712.2	92.9	805.1	4.58%
Afghanistan	47.8	580.2	628.0	3.57%
Kenya	139.4	306.0	445.3	2.53%
Russian Federation	96.9	266.0	363.0	2.07%
Ethiopia	97.8	225.8	323.6	1.84%
Turkey	270.0	46.7	316.7	1.80%
Lebanon	103.7	201.3	305.1	1.74%
Sudan	170.4	115.9	286.3	1.63%
South Africa	58.7	154.4	213.2	1.21%
Jordan	82.3	127.9	210.1	1.20%

China	131.3	82.9	214.2	1.22%
South Sudan	39.7	159.3	199.0	1.13%
Syrian Arab Republic	96.9	99.4	196.3	1.12%
Republic of Korea	175.9	17.0	192.9	1.10%
Panama	159.4	22.1	181.5	1.03%
Argentina	108.4	72.0	180.4	1.03%
Pakistan	71.9	105.5	177.3	1.01%
Ukraine	71.4	98.2	169.6	0.96%
Iraq	59.7	95.0	154.7	0.88%
Top 20	**3,813.45**	**3,025.72**	**6,839.21**	**38.91%**
Grand total	**8,620.06**	**8,955.24**	**17,575.30**	**100.00%**

VII. Countries with largest increases in procurement volume from 2005 to 2015

21. As indicated previously, the share of United Nations procurement from countries with economies in transition, developing countries and least developed countries has risen in recent years. The procurement from some of these countries has shown above-average growth during the period (figure 4).

22. Five countries with economies in transition, developing countries and least developed countries, representing the largest increase in procurement volume, saw their combined volume increase by more than $2.45 billion over the past 10 years: Afghanistan, India, Kenya, Lebanon and the United Arab Emirates. Each saw its procurement volume increase by 200 per cent or more from 2005 to 2015.

Figure 4. Countries with largest rises in procurement volume between 2005 and 2015*(in thousands of dollars)*

23. Despite the overall decrease in the share of procurement coming from developed countries over the past 10 years, some developed countries have seen their procurement volume to the United Nations system grow substantially since 2005. The United States of America, with an increase of $970 million (144 per cent), and Switzerland, with an increase of $455 million (158 per cent), witnessed the largest growth among developed countries in the past 10 years.

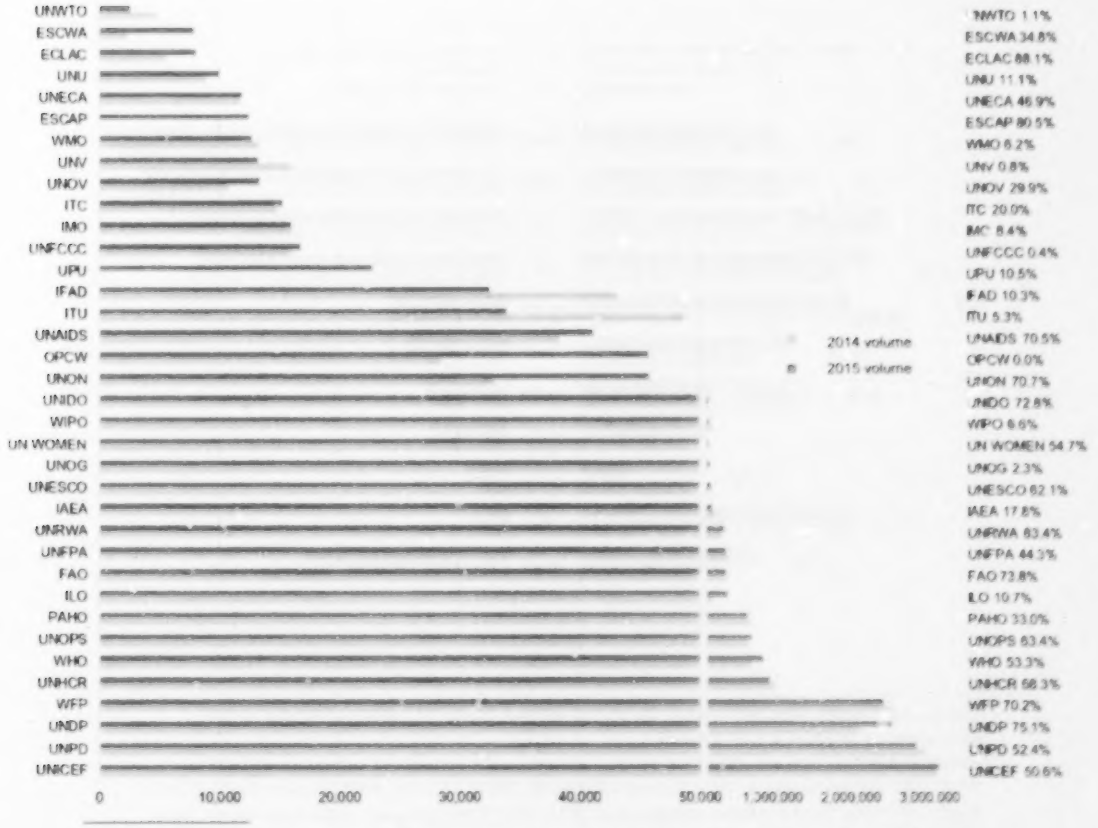
24. Total United Nations procurement volume rose by $9.2 billion from 2005 to 2015. Close to 75 per cent of that increase was from countries with economies in transition, developing countries and least developed countries.

VIII. Procurement by organizations of the United Nations system in 2014 and 2015

25. Figure 5, below, presents the procurement volume of United Nations organizations in 2014 and 2015, and includes the percentage share of procurement from countries with economies in transition, developing countries and least developed countries[7].

Figure 5. Total procurement by United Nations organizations and share of procurement from developing countries, and countries with economies in transition, in 2013 and 2014[8]

(in thousands of dollars, with percentages)



[7] The right-hand column shows the percentage of 2015 procurement volume from developing countries and countries with economies in transition.

[8] See annex for explanation of abbreviations

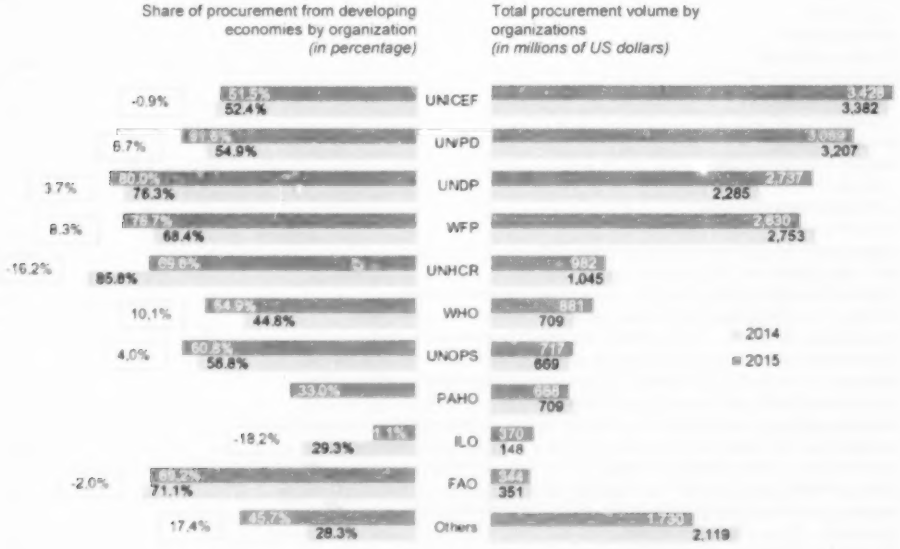
26. Although total United Nations system procurement increased by $337.8 million in 2015, 15 of the 36 reporting organizations witnessed a decline in their procurement volume. Eight organizations saw their procurement volume increase by more than 20 per cent over their 2014 volume. UNDP and the International Labour Organization (ILO)[9] each showed an increase of more than $200 million between 2014 and 2015.[10]

IX. Procurement from countries with economies in transition, developing countries and least developed countries

27. Figure 6 displays the procurement volume of the 10 largest United Nations organizations, which as a group represented 90.2 per cent of the overall procurement volume of the United Nations system. The figure also shows the 2014 and 2015 share of procurement from countries with economies in transition, developing countries and least developed countries. Organizations are listed in descending order by total procurement volume in 2015.

28. In total, procurement from these countries by the top 10 organizations increased by $588 million.

Figure 6. Procurement by organizations of the United Nations system from countries with economies in transition, developing countries and least developed countries, in 2014 and 2015



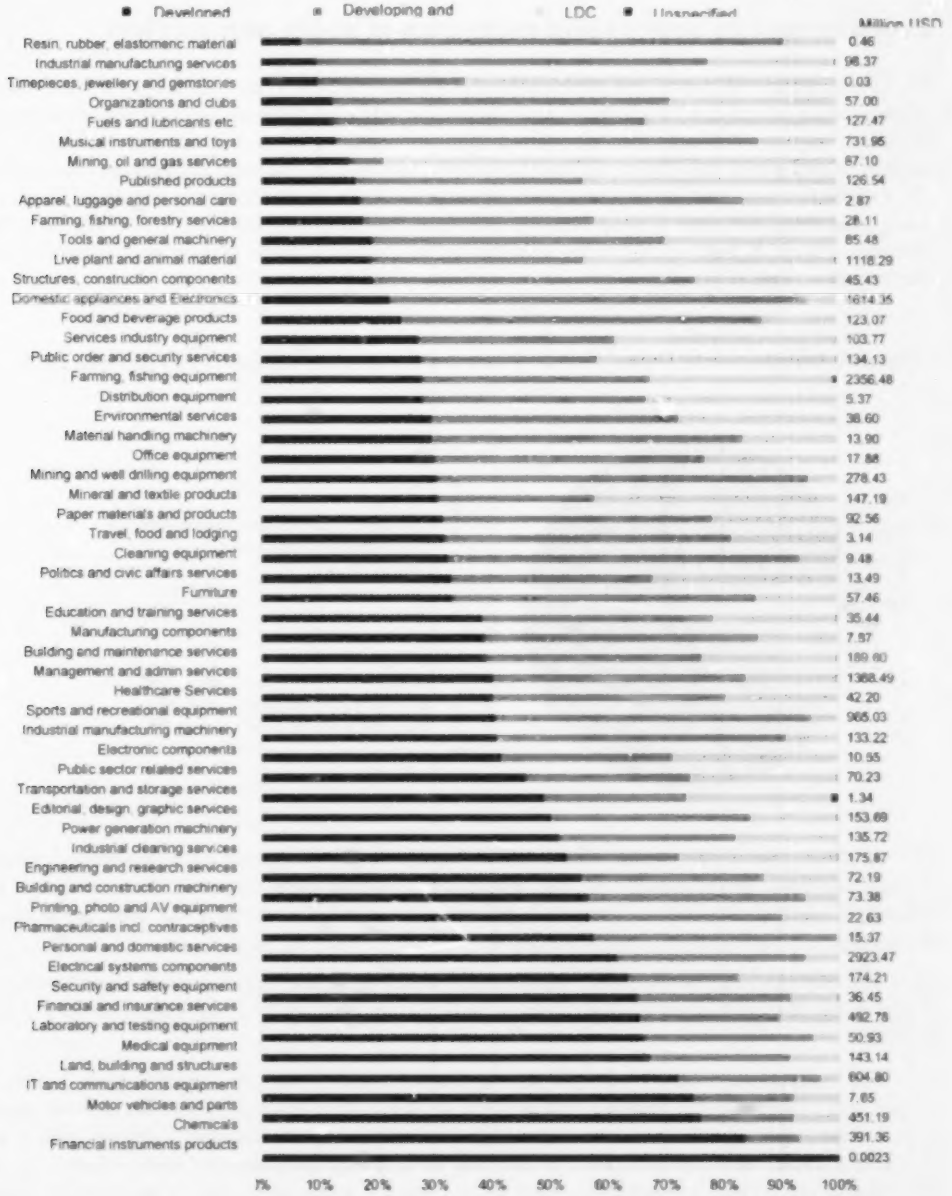
[9] The increase in procurement volume for ILO is attributable to procurement related to the renovation of its premises in Geneva.

[10] UNDP and ILO accumulated $673.6 million in increased procurement volume from 2014 to 2015. IMF did not report its procurement volume for 2015, affecting total procurement volume negatively, with $293.2 million compared to 2014. UNDP procurement volume increased, with $451.3 million from 2014 to 2015. UNDP procurement volume includes the total value of its national implementation modality, through which it is directly or indirectly involved in projects with implementing partners. For 2015, the reported volume was approximately $1.2 billion.

X. Segments of goods and services procured from developed countries, developing countries and countries with economies in transition

29. In recent years, a majority of United Nations system procurement has come from countries with developing economies. The following category analysis provides an overview of the distribution of categories of goods and services, indicating which categories are procured predominantly from developed countries and which are procured predominantly from the group of developing economies.

Figure 7. Distribution of categories of goods and services between developed, transition, developing and least developed countries, including 2015 total procurement volume *(in percentages)*



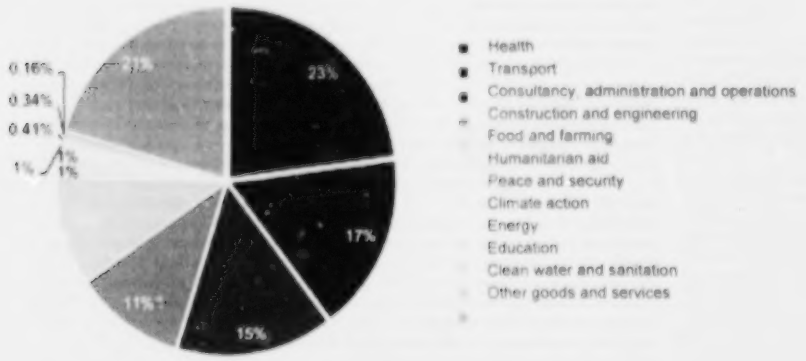
30. In 2015, 31 different segments of goods and services were widely procured from countries with developing economies (figure 7). For each of those 31 categories, at least 66 per cent of the procurement volume came from countries with economies in transition, developing countries and least developed countries, and represented more than $5.5 billion of the 2015 procurement volume. Thirteen categories had more than 80 per cent of their procurement volume originating from countries with economies in transition, developing countries and least developed countries.

31. In contrast, five different categories of goods and services were largely procured from countries with developed economies, representing more than $1 billion of the 2015 procurement volume of the United Nations. For each of those five categories, approximately two-thirds of the procurement volume was from developed countries.

XI. Procurement by sectors and categories of goods and services

32. Procurement of goods and services by the United Nations system falls into a wide variety of categories, which can be grouped into sectors that relate to different areas of procurement, all of which support the activities of United Nations organizations. For the present report, the sectors of categories have been updated to provide analysis in line with the current focus within the United Nations and its procurement operations. Each sector includes goods and services categories from different United Nations Standard Products and Services Code segments and families. Figure 8, below, shows the distribution of United Nations system procurement across the largest sectors of goods and services categories.

Figure 8. Distribution of United Nations procurement by sectors of goods and services, 2015
(in percentages)



33. In 2015, the health sector continued to be the largest in terms of procurement volume (which includes procurement of pharmaceuticals, health-care services, and medical and laboratory equipment), with a share of 23 per cent of overall procurement last year, representing an increase of 2 percentage points over 2014.

34. The transport sector (transport services and motor vehicles) is the second-largest sector of procurement for the United Nations system, with 17 per cent in 2015, compared to 16 per cent in 2014.

35. The consultancy, administration and operations sector was the third-largest sector, at 15 per cent of total United Nations procurement in 2015. This sector is new to the present report, and includes both goods and services within the areas of consultancy, administration and operations either directly procured in relation to ongoing programmes and projects, or for administrative services or operations support to United Nations activities. It therefore broadens

the previous sector, management and administrative services, which represented 10 per cent of the procurement volume in 2014.

36. Construction and engineering (construction supplies and services, engineering services, and structures), and food and farming (food, beverages, live plants and animals, farming accessories and services), are the two next-largest sectors, with a share of approximately 10 to 11 per cent of total United Nations procurement volume in 2015. Each sector had a volume of 11 per cent in 2014.

37. A further six sectors have been added to the present report so as to provide procurement analysis and trends in these sectors over the coming years. This has been undertaken to better align with procurement focus areas and reflect the new sustainable development goals. The new sectors are: humanitarian aid; peace and security; climate action; energy; education; and clean water and sanitation. Procurement within categories directly related to these sectors represented approximately 4 per cent of total United Nations procurement in 2015.

38. Other goods and services represented 21 per cent of the total in 2015, compared to 27 per cent in 2014; this decrease reflects mainly the recategorization of the sectors in the present report.[11]

[11] A sixth sector, fuels and fuel additives, was reported separately in 2013 and 2014 and this year is included in the grouping of other goods and services.

Annex. Abbreviations used in figures 4 and 5

ECLAC – Economic Commission for Latin America and the Caribbean
ESCAP – Economic Commission for Asia and the Pacific
ESCWA – Economic and Social Commission for Western Asia
FAO – Food and Agricultural Organization of the United Nations
IAEA – International Atomic Energy Agency
IFAD – International Fund for Agricultural Development
ILO – International Labour Organization
IMO – International Maritime Organization
ITC – International Trade Centre
ITU – International Telecommunication Union
OPCW – Organisation for the Prohibition of Chemical Weapons
PAHO – Pan American Health Organization
UNAIDS – Joint United Nations Programme on HIV/AIDS
UNECA – United Nations Economic Commission for Africa
UNESCO – United Nations Educational, Scientific and Cultural Organization
UNFCCC – United Nations Framework Convention on Climate Change
UNHCR – United Nations High Commissioner for Refugees
UNICEF – United Nations Children's Fund
UNIDO – United Nations Industrial Development Organization
UNOG – United Nations Office at Geneva
UNON – United Nations Office at Nairobi
UNOV – United Nations Office at Vienna
UNPD – United Nations Procurement Division
UNRWA – United Nations Relief and Works Agency
UNU – United Nations University
UNV – United Nations Volunteers
UN-Women – United Nations Entity for Gender Equality and the Empowerment of Women
UNWTO – United Nations World Tourism Organization
UPU – Universal Postal Union
WFP – World Food Programme
WHO – World Health Organization
WIPO – World Intellectual Property Organization
WMO – World Meteorological Organization